



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen

**SUBJECT: HELLYER-PIERCY
IMPROVEMENT DISTRICT
NO. 99-218SJ, CONTRACT #3**

DATE: 02-25-04

Approved

Date

Council District: 2

RECOMMENDATION

Report on bids and award of contract for Improvement District No. 99-218SJ (Hellyer-Piercy), Contract #3 to the low bidder, Granite Construction, in the amount of \$2,595,964, and approval of a contingency in the amount of \$390,000.

CEQA: Resolution No. 69699.

BACKGROUND

The Hellyer-Piercy Improvement District (District) area has been planned for industrial development since 1979 when it was adopted as a Redevelopment Project Area (map attached). On June 27, 2000, Council took the necessary steps to initiate the process of forming the District. On August 15, 2000, Council tabulated the ballots, approved the District, and adopted the Engineer's Report and the assessments. On May 15, 2001, Council confirmed the Amended Engineer's Report and the assessments and authorized the issuance of limited obligation improvement bonds of \$27,595,000.

The improvements to be constructed by the District have been split up into two zones. Zone A includes the extension of Hellyer Avenue, improvements to Silver Creek Valley Road and Piercy Road, reclaimed water, sanitary, storm, and utility improvements, and numerous traffic mitigation improvements including the gateway improvements at Silicon Valley Road Bridge over Coyote Creek and interchanges at Route 101/Blossom Hill Road and Route 101/Hellyer Avenue. Zone B includes an extension from the Silver Creek Valley Road bridge and roadway construction to serve the parcel located between Route 101 and Coyote Creek.

Contract #3 includes a portion of Zone A's offsite traffic mitigation improvements. These improvements include traffic signal modifications at the following seven intersections:

Blossom Hill / Monterey Road *
Hellyer Avenue / Fontanoso Way
Cottle Road / Poughkeepsie Drive
Cottle Road / Beswick Way
Cottle Road / State Route 85 Northbound *
Cottle Road / State Route 85 Southbound *
Silicon Valley Boulevard / State Route 101 Northbound *

* Four of these seven intersections are within the State right of way and require an encroachment permit from the California Department of Transportation (Caltrans).

Contract #3 was designed to enhance the traffic-carrying capacity of these intersections and improve the traffic conditions generated from the Edenvale campus industrial area. It provides compliance with the Edenvale Average Daily Trips for traffic mitigation.

Construction is scheduled to begin in April with completion in June 2005.

ANALYSIS

Bids were received on January 29, 2004 with the following results:

<u>Contractor</u>	<u>Bid Amount</u>	<u>Variance Amount</u>	<u>Over/(Under) Percent</u>
Engineer's Estimate	\$3,323,880	---	---
Granite Rock Co. DBA Pavex Construction Division (Redwood City, CA)	2,924,236	(399,644)	(12)
McGuire & Hester (Oakland, CA)	2,894,497	(429,383)	(13)
O.C. Jones & Sons, Inc (Berkeley, CA)	2,868,054	(455,826)	(14)
Bay Cities Paving & Grading (Oakland, CA)	2,808,897	(514,983)	(15)
Desilva Gates Construction (San José, CA)	2,766,666	(557,214)	(17)
O'Grady Paving (Mountain View, CA)	2,710,409	(613,471)	(18)
Top Grade Construction (Livermore, CA)	2,683,470	(640,410)	(19)
Granite Construction (San José, CA)	2,595,964	(727,916)	(22)

The low bid submitted by Granite Construction is 22 percent below the Engineer's Estimate. The Engineer's Estimate was completed in September 2003 utilizing unit pricing from recent projects which were bid during a less competitive construction market. The lower bid can be attributed to the highly competitive market that now exists.

Council Policy provides for a standard contingency of 10 percent on public works projects involving utilities. However, on this project a contingency of 15 percent is being requested to cover any possible additional costs related to conditions of the Caltrans encroachment permit. Caltrans has issued a Notice of Intent to issue their permit to the City for this project, but has not completed its list of required conditions. An increase in the contingency amount for this contract would ensure the completion of any unforeseen Caltrans requirements.

PUBLIC OUTREACH

This project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges.

COORDINATION

This project and memo have been coordinated with the Departments of Planning, Building and Code Enforcement, Transportation, Finance, City Attorney's Office, City Manager's Budget Office, the San Jose Redevelopment Agency and Caltrans.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION:

Costs of Contract #3 (\$2,595,964) contract amount and \$390,000 contingency) will be funded through the proceeds of the sale of the City of San José Limited Obligation Improvement Bonds, Improvement District 99-218SJ (Hellyer-Piercy) Bond Series 24Q, a contribution by the Redevelopment Agency, and Developer In-lieu funds collected for specific improvements.

2. COST OF PROJECT:

Project Delivery Costs	\$ 390,000
Construction	2,595,964
Contingency	<u>390,000</u>
TOTAL	\$ 3,375,964

3. SOURCE OF FUNDING:

Improvement Bonds	\$1,960,344
Redevelopment Agency	942,620
Developer In-Lieu Fund	<u>473,000</u>
TOTAL	\$3,375,964

4. **FISCAL IMPACT:** This project is consistent with the Council-approved Budget Strategy Economic Recover section in that it will spur construction spending in our local economy. Because this project primarily consists of upgrading existing signal systems and is only constructing one new traffic signal, the net annual operating and maintenance impact will be approximately \$7,000.

BUDGET REFERENCE

Fund No.	Appn No.	Appn Name	RC#	Total Appn FY 03-04:	Amt. For Contract	Budget Page	Last Budget Action (Date, Ord. No.)
Impvt. District 99-218SJ (Hellyer-Piercy) Bond Series 24Q	4396	Special Assessment Districts-CBA	116163	\$1,960,344	\$1,960,344	N/A	
450	4594	Edenvale Infrastructure Improvement	125245	\$942,620	\$942,640	2003-2004 Approp. Ordinance, Section 20.05	
465	4666	Hellyer-Piercy Impvt District and Great Oaks-Route 85 CFD#6	127389	\$473,000	\$473,000	N/A	10-14-03, Ord. No. 26997
		Total		\$3,375,964	\$3,375,964		

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CEQA

Resolution No. 69699.

HF:HS:AT:jk
Hellyer-Piercy Improve.Dist#3.ccmemo.doc
Attachment

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Director, Public Works Department